# FINANCIAL PLAN FOR THE JORDAN VALLEY DISTRICT LIBRARY

#### PURPOSE OF THE FINANCIAL PLAN

The purpose of the financial plan is to help the library conduct library operations in a fiscally responsible way, document the library's fiscal strategies, and focus its efforts toward future financial goals. It is the policy of the library to invest its funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the library and complying with all state statutes governing the investment of public funds.

#### FINANCIAL ASSUMPTIONS

While the library's general goals and objectives are concerned with programs, services, and staff development, its financial goals and objectives are concerned with the funding to provide these library services.

It is assumed that financial stability is a function of adequate and dependable revenues from diverse sources. As a governmental entity, most of these revenues should provide benefits and services to the citizens; however, some fund balances are allocated to cover unexpected expenses, such as automation and technology upgrades, facility improvements, revenue shortfalls or unbudgeted expenses. It is assumed that no sudden major changes will take place that will substantially change the revenue sources or governing structure of the library.

The following funds are to insure that sufficient funds are available for:
Major building expenses (new roof, carpet, HVAC, etc.)
Automation system (library circulation and public access system)
Technology upgrades (equipment and software)

Each year, as part of the budgeting process, fund levels will be evaluated. If funds have been used, the next year's budget should restore those levels as an operating expense. Once targeted amounts are reached, interest earned on the contingency funds would be transferred to the operating accounts and considered an additional source of revenue.

# **Long-Term Commitments**

The library's annual budget will reflect leases such as: copier, security, automation, and HVAC.

#### **Sources of Funding**

The primary source of operating funds for the library is a 1 mill in perpetuity property tax collected by school district boundary municipalities (City of East

Jordan, Eveline Township, Wilson Township, South Arm Township, Echo Township and Jordan Township) since May of 1995. This mill will be continuously adjusted due to a result of the Headlee amendment. The rate will not increase without a public vote.

A summary of non-tax revenue includes fines and fees, state aid, penal fines, services, interest and miscellaneous.

# **Supplemental Funding**

The library has other potential sources of revenue which are not guaranteed sources and not included in the budget:

- -The Jordan Valley Library Friends are a volunteer support group that provides funding. The amount donated will vary from year-to-year. The money is raised through special fundraising activities and grants.
- -The library has an endowment fund established for the library in the Charlevoix County Community Foundation. Once a year, the library has the option to use the interest from the account, add the interest back to the principal of the fund, or transfer this amount to a fixed account for use at a later time.
- -In addition, the library will pursue grant funding from a variety of sources. Of particular interest will be grants for programs, technology and building improvements.

#### INVESTMENT POLICY

The library board has adopted a formal investment policy.

The Board has maintained a responsible outlook toward the investment of operating and contingency funds since public money is the major source of revenue for the library. State law controls most of the library's investment options.

## **Deposits and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements, banker's acceptance of United States banks, commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase, obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

#### **CAPITALIZATION POLICY**

Any fixed assets over \$1,000 value will be considered capital outlay for the Jordan Valley District Library.

#### LIBRARY BOARD RESPONSIBILITY

The financial resources of the library are the responsibility of the Jordan Valley District Library Board of Trustees. The board will:

- -Provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve.
- -Monitor and evaluate the financial plans and purchasing guidelines of the Library to ensure the financial integrity of the Library.

### **Financial Management**

Reports reflecting the financial condition of the library will be presented to the Board monthly. These reports will include:

- \*Balance Sheet
- \*Monthly bills paid
- \*Monthly revenues and expenditures with year-to-date comparison to the annual budget
- \*Year-to-date budget with comparison to the annual budget

### Fiscal Year

The library's fiscal year will be the first day of July to the last day of June.

#### **Budgeting**

An annual budget will be prepared and presented to the board for approval prior to the beginning of the next fiscal year. The budget will reflect the cost of carrying out the services of the Library and anticipated revenues for the next fiscal year. The board will approve of the budget with authority of the Director to manage the Library's finances according to the plan. The Director will keep the Board well informed of the ongoing status of the budget. The Director will not make expenditures outside of the budget without seeking Board approval. Significant unanticipated costs that were not anticipated that must be completed immediately, and cannot be practically submitted to the board for approval, may be authorized by the Director. The board will be informed of the expenditures

### **Budget Hearing**

141.412 Sec. 2 A local unit shall hold a public hearing on its proposed budget. The local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing. The notice shall include the time and place of the hearing and shall state the place where a copy of the budget is available for public inspection. The notice shall also include the following statement printed in 11 point boldfaced type: "The property tax millage

rate proposed to be levied to support the proposed budget will be a subject of this library."

# **Working Capital Reserves**

A working capital reserve sufficient to keep Jordan Valley District Library operating for at least a 60 day period will be maintained at all times.

## Audit

An annual audit of the library's finances will be conducted by an independent auditor. The contract for audit will be formally bid at least once every three years.

#### **Bonding**

The library will have staff bonded up to \$5,000 cash for off premise in its insurance policy.

# **Library Credit Card**

Library credit card will only be used for appropriate Library business, and all uses will be appropriately documented. The library credit card will not be used for non-library related expenditures.

#### **Donations**

The Library does not make any money contributions for charity due to the mission of the organization. Donation of materials may be donated if it is an insignificant amount.

## Disposal of property

397.382 Sec. 2

Whenever any property, real or personal, now or hereafter held and used for the purpose of the public library shall, in the judgement of such corporation, be no longer needed for such purpose, such property may be sold and disposed of by such corporation unless such sale and disposal be inconsistent with the terms and conditions upon which such property was acquired, at such price and upon such terms and conditions as said corporation may deem proper, and the proceeds thereof shall by said corporation be used and applied for the purpose of such library.

# Jordan Valley District Library Financial Procedures

- 1. All checks received by the library must be stamped "For Deposit Only" and stored in a secure place until the bank deposit is made.
  - 2. All revenue is recorded regardless of its source.
  - 3. Circulation cash drawer will be balanced to \$40 dollars at the end of the day and the remaining money will be stored in a secure place.
  - 4. At least biweekly bank deposits will be made by a staff member on a regular basis.
  - 5. Accounts payable checks are only issued against original invoices that have been approved by the Director and the Treasurer. Accounts payable checks require two signatures and will be paid bi-weekly.
  - 6. The staff member authorized to make the purchase must approve and sign the invoice.
  - 7. A petty cash account will be maintained. Expenses under \$100 approved by the Director will be reimbursed from the petty cash account.
  - 8. Single signature checks will be allowed if needed to correct a payroll problem or treasurer is unable to sign due to unusual circumstances.
  - 9. The board will approve all purchases and expenses at the regular monthly board meetings.
  - 10. After review, the finance committee or treasurer will recommend an annual budget to the board.
  - 11. A safety deposit box will be held at the bank to hold important papers, media records, pictures, etc.